

Service Date: December 22, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER Of The Application)	
Of PACIFICORP For An Order Auth-)	UTILITY DIVISION
orizing It To Issue And Sell Not)	DOCKET NO. 88.12.56
More Than \$100,000,000 of Its No)	DEFAULT ORDER NO. 5386
Par Serial Preferred Stock.)	
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On December 5, 1988, Pacificorp dba Pacific Power & Light Company (Pacific), a corporation organized and existing under and by virtue of the laws of the State of Maine and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing Pacific, or its successor, PC/UP&L Merging Corp. (Merging Corp.), to issue and sell, prior to December 31, 1990, fixed or floating rate No Par Serial Preferred Stock (Preferred Stock) with an aggregate preference on involuntary liquidation of not more than \$100,000,000.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of Pacific's business and the territories served by it, reference is made to its annual reports on file with the Commission. References herein to the "Company" are to Pacific prior to the proposed merger of Pacific and Utah Power & Light Company with and into Merging Corp. (Merger) and to Merging Corp. after the Merger, as the context requires.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on December 19, 1988, there came before the Commission for final action the matters and things in Docket No. 88.12.56, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Maine and is qualified to transact business in the State of Montana.

2. The Company is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. Pursuant to a Plan of Reorganization and Merger, as amended, entered into among Pacific, Utah Power & Light Company, a Utah corporation (UP&L), and Merging Corp., Pacific and UP&L would merge with and into Merging Corp. At the time of the merger, Merging Corp. will change its name to Pacificorp and will use the assumed business name of Pacific Power & Light Company for its electric utility operations in the State of Montana.

4. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

5. Notice of the application was published as a part of the Commission's regular weekly agenda.

6. In Docket No. 87.9.49, the Commission authorized Merging Corp., as successor to Pacific following the proposed merger, to issue preferred stock under the authorization previously granted to Pacific in Docket No. 87.3.11.

7. The Company proposes to sell, in one or more public offerings or private placements prior to December 31, 1990, fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than \$100,000,000.

8. The dividend rate on the Preferred Stock will be fixed or floating as determined by the Company's Board of Directors, following negotiations with the underwriters or purchasers.

9. The Preferred Stock will be issued pursuant to the Company's Restated Articles of Incorporation; will constitute one or more new series of a class of the Company's authorized Preferred Stock; will be entitled to cumulative dividends, redemption at the involuntary liquidation preference plus premia (if any), liquidation preference rights, and voting rights as determined by the Company's Board of Directors following negotiations with the underwriters or purchasers. Otherwise, the Preferred Stock will have the same rights, terms, and characteristics as the outstanding series of Pacific's Preferred Stock. These rights, terms, and characteristics are set forth in Pacific's Restated Articles of Incorporation, as amended.

10. The holders of Preferred Stock are entitled to receive, when and as declared by the Board of Directors, out of legally available funds, cumulative cash dividends at the annual rates fixed for the respective series, payable on such dividend payment dates as may be fixed for any series by the Board of Directors.

11. If the dividends on the shares of Preferred Stock of each class and series are not paid in full, the shares of Preferred Stock of each class and series shall share ratably in the payment of dividends including accumulations, if any, in accordance with the sums which would be payable on such shares if all dividends were declared and paid in full.

12. The Company expects to issue the Preferred Stock from time to time prior to December 31, 1990. Preferred Stock may be perpetual or have a sinking fund as required by market conditions at the time of issue.

13. Offering costs are expected to be between 1.35% and 3.00% for the Preferred Stock. In addition, the Company may pay an annual remarketing fee of 0.25% to pay for subsequent auctions of the Preferred Stock.

14. The expected results of the offering and sale of the Preferred Stock is as follows:

ESTIMATED RESULTS OF THE FINANCING

	<u>Total</u>	<u>Per \$100</u>
Gross Proceeds	\$100,000,000	\$100.00
Less: Underwriting		

Fees Approximately 3%	\$ <u>3,000,000</u>	\$ <u>3.00</u>
Proceeds Payable to Company	\$ 97,000,000	\$ 97.00
Less: Other Issuance Expenses*	<u>350,000</u>	<u>0.35</u>
Net Proceeds to Company	\$ 96,650,000	\$ 96.65

*Does not include the annual marketing fee.

15. The net proceeds of the issuance will be used to reimburse the Company's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities.

The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

16. Issuances of the Preferred Stock proposed are part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests, and market uncertainties as to the relative merits of the various types of securities the Company could sell.

17. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-

related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

The proposed issuance of Preferred Stock to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp dba Pacific Power & Light Company, filed on December 5, 1988, for authority for PacifiCorp, or its successor, PC/UP&L Merging Corp., to issue and sell, from time to time prior to December 31, 1990, fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than \$100,000,000, pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. PacifiCorp shall file the following as they become available:

- a. The "Report of Securities Issued" required by 18 CFR 34.10.

- b. Verified copies of any agreement entered into in connection with the issuance of Preferred Stock pursuant to this Order.
- c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to the Order.

3. Issuance of this Order does not constitute acceptance of PacificCorp's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

4. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

5. Section 69-3-507, MCA, provides that neither the issuance of securities by Pacificcorp pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6, This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 19th day of December, 1988, by a 4-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

Howard L Ellis

Clyde T. Jarvis

Danny Oberg

John B Driscoll

ATTEST:

Ann Purcell
Acting Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.